UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

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RESCUECOM CORPORATION, :
:
Plaintiff, :
: **CIVIL ACTION**
v. : **CASE NO. 5:04-CV-1056**
: **(NAM/GHL)**
GOOGLE, INC. :
:
Defendant. :

--X

MEMORANDUM OF LAW
IN OPPOSITION TO DEFENDANT GOOGLE, INC.'S
MOTION TO DISMISS ALL CLAIMS

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Plaintiff RESCUECOM CORPORATION (“RESCUECOM”) submits its Memorandum of Law in opposition to defendant Google, Inc.'s motion to dismiss all causes of action under Federal Rule of Procedure 12(b)(6).

PRELIMINARY STATEMENT

Defendant Google seeks to defend its practice of auctioning off some of the most famous and widely known trademarks in the business world to lesser-known competitors, and assisting and affirmatively suggesting to them and encouraging them in using those well-known trademarks to directly benefit from and divert the goodwill and reputation of the trademark owners to such high-bidders, allowing such high bidders to "free-ride" upon the investment made in the trademarks. In its motion to dismiss plaintiff's complaint, defendant Google completely bypasses the main issues of whether consumers are likely to be confused by Google's use of RESCUECOM's name and trademark, and whether Google is diverting and assisting others to divert and take advantage of the goodwill associated with the "Rescuecom" mark. Instead, Google's entire motion is based upon a hyper-technical argument that its admitted commercial use and sale of plaintiff's trademark "Rescuecom" to advertise and market the goods of others is not technically a "trademark use" because the mark is not being used as a visual "brand" name on competing products and services.

Defendant Google's attempt to analogize this case to advertisements in a magazine or goods on a shelf misses the mark entirely. Defendant's Memorandum of Law, pages 1-2. Those analogies involve fixed media that do not intelligently interact with the consumer, which in turn affects consumer's expectations. A consumer browsing through a magazine or a market's shelves expects products or advertisements near each other to potentially be competitive. However, when an Internet user submits a search query, such as "Rescuecom" to an Internet Search Engine, the user expects the search results to be relevant to the query, and to be placed in order of relevance, with the results at the very top being the most relevant. When an advertiser arranges for its advertisement to appear at the very top of the search results, and to visually appear to be similar to the search results, or even appearing alongside the search results, it is reasonable for Internet users to conclude that such "hyperlinks" are "related" to the search query "Rescuecom", and perhaps even that that they lead to the most relevant website.

This case is much more like a consumer using telephone directory assistance (dialing 411 or 555-1212) than magazines and store shelves, because directory assistance is an interactive experience for the consumer who is searching for information about a company. When a consumer asks for the telephone number for "Rescuecom", they have the reasonable expectation that the telephone number provided will be that of Rescuecom. According to defendant Google's theory, as long as the directory assistance company did not actually "use", or speak the name "Rescuecom", it could actually auction off to Rescuecom's competitors the right to have one of their telephone numbers given to the consumer instead of or in addition to (even ahead of) Rescuecom's. The "use" of the Rescuecom name and mark was *in the exchange of information* between the consumer and the directory assistance company, even if it was the consumer actually submitting the mark, it was directory assistance (Google) who responded interactively. Like in the old television program, "What's My Line", if a consumer asks for the real Rescuecom company to please stand up, and several companies all stand up – none of them have "used" the Rescuecom mark or "branded" their products or services, but nevertheless they have affirmatively represented themselves to be Rescuecom or related to Rescuecom by intentionally responding to the consumer's query. That is exactly what is happening in the interactive world of Internet Search Engines, the cyber-equivalent of directory assistance.

It is respectfully submitted that Trademark law in the United States is not so limited and anemic as portrayed by defendant Google. One of the main goals of trademark law is, and has always been, to ensure that trademark owners maintain the ability to benefit from the goodwill associated with their own marks, and to prevent others from diverting that benefit to themselves through confusing consumers into believing, even initially, that the trademark owner is related to, approves of or "sponsors" the infringer's goods and services. Defendant's argument that there must be a visual "branding" of goods and services to find that a "trademark use" has occurred ignores both the reality of how business is conducted on the Internet, and the wave of decisions which have applied Trademark Law to the use of Trademarks on the Internet. As will be show below, even "invisible" uses of trademarks as a means of drawing Internet users to a competitor is sufficient to find infringement of a trademark.

BRIEF FACTUAL BACKGROUND

RESCUECOM Corporation is a computer services franchising business headquartered in Syracuse, New York, but sells franchises nationwide. RESCUECOM, through its franchised businesses provides computer related services to individuals and businesses, including computer repair, consulting, sales, networking and Internet services. RESCUECOM currently has over 80 franchises nationwide.

By way of background, the Internet is a global network of millions of connected computers which over the last ten to fifteen years has revolutionized how individuals and businesses operate and communicate. The World Wide Web ("Web") is a portion of the Internet designed to display information visually on "websites" which are collections of connected "webpages". Websites are located and identified by their "domain names", which is the unique address of the website on the Web. The domain names chosen by businesses are typically the name or trademark of the business, followed by the appellation ".com". For example, Defendant Google's website is located at "Google.com" and plaintiff Rescuecom's website is located at "Rescuecom.com".

Internet Browsers are computer programs on an Internet user's computer that allow users to visually see the information displayed on the Web. Internet Search Engines are websites that serve as "directories" or "indexes" to the Web, allowing Internet users, through their Internet browsers, to locate websites relevant to the user's search queries. Therefore, an Internet user interested in Apple brand computers may submit a search term "Apple" to an Internet Search Engine, which will return search results listing thousands of "hyperlinks" to websites relevant to the query "Apple", in order of relevance. These search results will include websites related to Apple computers, but also likely related to the fruit or to recipes for apple pie.

Defendant Google operates the world's most popular Internet search engine. Google also sells advertising by allowing advertisers to "bid" on various search terms, or "Keywords", so when that Keyword is submitted, the advertiser's hyperlink, which Google calls "Sponsored Links", is listed along with the search results, either at the very top of the search results, or along the right hand side of the Internet Browser's screen. The highest bidders generally get their Sponsored Links listed first.

Defendant Google sells plaintiff's federally registered trademark "Rescuecom" to the highest bidders as a "Keyword" to trigger the appearance of Sponsored Links to the highest bidders' commercial websites on the search results page. These bidders are typically competitors of RESCUECOM who offer services similar to those rendered by RESCUECOM and/or its franchisees. Neither Google, nor its advertisers pay any consideration to or obtain any authorization from RESCUECOM to use the "Rescuecom" mark. In the course of interacting with its advertisers, from whom Google receives over 97% of its revenue, Defendant offers suggestions for additional "Keywords" to bid upon through a program called its "Keyword Suggestion Tool". In an effort to maximize its revenues from its sales of the "Rescuecom" trademark, defendant Google has affirmatively suggested to one or more of Rescuecom's competitors that they should bid upon the "Rescuecom" trademark to make their advertising more effective.

When Internet users search for "Rescuecom" on defendant's search engine, they have a legitimate expectation that the links appearing on the search results page will be related to RESCUECOM, with the most relevant links appearing on the first page, in order of relevance. When an advertiser's Sponsored Link appears in response to a search for "Rescuecom", it creates an impression, with a significant percentage of Internet users, that the Sponsored Link is related to, associated with or "sponsored" by plaintiff RESCUECOM. In fact, the term "Sponsored Link" itself is ambiguous and implies a relationship or sponsorship by RESCUECOM of defendant's advertising links. Defendant Google does not require, nor have any infringing advertisers voluntarily disclosed in their Sponsored Link text that no such sponsorship relationship exists with RESCUECOM.

Until April 2004, defendant Google has willingly disabled Sponsored Links that improperly used plaintiff's "RESCUECOM" trademark as a triggering Keyword. Beginning in April 2004, just before defendant engaged in its Initial Public Offering of stock, defendant changed its policy and began refusing to disable such infringing Sponsored Links. Plaintiff RESCUECOM has mailed out eight (8) cease and desist letters to competitors who promptly began using the "Rescuecom" trademark as a triggering Keyword. All but one has complied. Since the commencement of this action, other companies have also used the Rescuecom name and trademark as a triggering Keyword. At the time of the writing of this brief, no such companies were currently doing so.

ARGUMENT AND CITATION OF AUTHORITY

POINT I

THE GEICO V. GOOGLE DECISIONS REJECTED DEFENDANT GOOGLE'S ARGUMENT THAT ITS AUCTIONING OF THE TRADEMARKS OF OTHERS WAS NOT A "TRADEMARK USE"

The deadlines for submission of responding papers to defendant Google's motion to dismiss, and defendant's reply papers were temporarily suspended, by agreement of the parties and with approval of the Court, in anticipation of a written decision from another Court addressing identical claims raised by the national insurance company GEICO against Google in the Eastern District Court of Virginia. That decision was rendered on August 8, 2005. *See, Government Employees Insurance Company v. Google, Inc.,* 2005 WL 1903128 (copy attached to this brief) ("GEICO Trial Decision"). The decision explains in detail the substance of an earlier decision rendered from the bench at trial that granted Google's motion for judgment at the close of GEICO's case with respect to some of GEICO's claims. The Court granted Google's motion for judgment at the close of plaintiff's case on the grounds that GEICO had not presented sufficient evidence at trial of a likelihood of confusion, one of the essential elements in a claim of trademark infringement. Notably, the Court referred to and reiterated the holdings it made in a prior dismissal of Google's motion to dismiss GEICO's claims where the Court had denied Google's motion, specifically rejecting Google's argument (recycled by Google here on this motion) that it did not make a "trademark use" of GEICO's trademark. See GEICO Trial Decision, *1 and 3; *see also Government Employees Insurance Co. v. Google, Inc.,* 330 F.Supp.2d 700 (E.D.Va. 2004) (denying Google's motion to dismiss) ("GEICO Motion Decision"). This Court should follow the well-reasoned precedent laid down by the GEICO court and reject Google's specious argument that their auction of well-known trademarks to competitors as Keywords to trigger competing commercial advertising is not a "trademark use". Whether plaintiff RESCUECOM has sufficient evidence of likelihood of consumer confusion to succeed at trial where GEICO failed is a matter to be addressed at trial, and in fact Google does not address itself to that element of plaintiff's claim on this motion to dismiss.

POINT II

DEFENDANT MISUNDERSTANDS THE APPLICATION OF TRADEMARK LAW; "TRADEMARK USE" IS NOT A SEPARATE ELEMENT TO THE CAUSE OF ACTION:

Defendant Google failed to address itself at all to the commonly accepted "elements" of a claim for trademark infringement. Instead, it blandly maintains that as long as its use of the RESCUECOM trademark was not a "trademark use", then the Court need not address the formal elements of the claim to determine if plaintiff RESCUECOM stated a viable claim.

The cases that use terms such as "trademark use" are simply addressing whether there is a use of a trademark at all, or use of a mark in its descriptive sense, or if the use is "in connection" with goods and services, or is at all likely to cause confusion in the minds of consumers. These decisions all fit squarely within the standard elements of a trademark infringement claim. It is broadly recognized that the elements of a cause of action for trademark infringement include 1) the plaintiff possesses a valid trademark; 2) the defendant used the mark; 3) the defendant's use of the mark was in commerce; 4) the defendant used the mark in connection with the sale, offering for sale, distribution or advertising of goods or services; and 5) the defendant used the mark in a manner likely to confuse some consumers. 15 U.S.C. 1114; *see, Government Employees Insurance Company (GEICO) v. Google, Inc., supra*, 330 F.Supp.2d at 702 (using "trademark use" as shorthand for whether use of GEICO's mark was "in commerce" and "in connection" with goods and services).

The cases cited by defendant Google do not support the defendant's conclusions. In *Pirone v. MacMillan, Inc.*, the Court held that the defendant's use of various photographs of the famous baseball player Babe Ruth on a baseball themed calendar, was a use of his name and image in their "descriptive" sense, and not as standing for certain goods and services, and therefore was not a "trademark use" which denoted source or origin. *Pirone v. MacMillan,Inc.*, 894 F.2d 579, 583-84 (2nd Cir. 1989). The baseball themed calendar used the name and image of Babe Ruth in their descriptive sense, which is as one of the most famous baseball players in American history. Here, there is no descriptive use for the mark RESCUECOM. It has no common meaning, other than as describing the source and origin of computer services and franchising related services. By contrast, the mark RESCUECOM has no descriptive meaning other than in reference to plaintiff's goods and services, as it is a unique, coined word.

In *Holiday Inns, Inc. v. 800 Reservation, Inc.*, the Court addressed the defendant's use of a toll free number 800-H[zero]LIDAY, a number which was frequently misdialed by persons seeking to find Holiday Inn at 800-HOLIDAY. *Holiday Inns, Inc. v. 800 Reservation, Inc.,* 86 F.3d 619 (6th Cir. 1996). The Court never addressed whether such action was a "trademark use"; rather it simply found that the defendant never used Holiday Inn's trademark at all, and if it did, such use did not "cause" confusion, as people were mistakenly dialing the number without defendant's influence, defendant was merely taking advantage of that already existing confusion. Here, there is no dispute that defendant Google is using the exact RESCUECOM trademark, and that if it did not use the RESCUECOM mark as a trigger for advertisements on its Internet Search Engine, there would be no opportunity for consumers to be confused.

Interactive Products Corporation v. A2Z Mobile Office Solutions, Inc. is even more easily distinguished. The court simply found that no evidence had been presented to indicate that the use of a trademark in the post-domain path of a web site address would cause confusion in the mind of any consumer, and therefore it was "unnecessary" to use the multi-factor "likelihood of confusion" test. *Interactive Products Corporation v. A2Z Mobile Office Solutions, Inc.,* 326 F.3d 687, 698 (6th Cir. 2003).

Plaintiff's citation of the *WhenU.com* cases is similarly misplaced. Both Courts analyzed the defendant WhenU's use of trademarks not in terms of whether they constituted "trademark use", but rather whether they were a use of a mark "in commerce" and "in connection with" goods or services. *U-Haul International, Inc. v. WhenU.com, Inc.*, 279 F.Supp.2d 723 (E.D.Va.

2003); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F.Supp.2d 734 (E.D.Mich. 2003); *see also, 1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005), reversing the lower court's decision, 309 F.Supp.2d 467 (S.D.N.Y. 2003) (use qualified as "in commerce" and "in connection" with goods or services).

In the *WhenU.com* cases, the Courts addressed the defendant's use of a software program that contained a directory of terms which, when input by the consumer while browsing the Internet, would cause "pop-up" advertisement windows to appear. In each *WhenU.com* case, a client had arranged for its pop-up ad to appear when certain website addresses, that contained trademarks, were input by the consumer. Neither the *U-Haul* case, nor the *Wells Fargo* case has ever been followed or cited with approval by any other court, and both were affirmatively rejected in *GEICO v. Google, Inc., supra,* 330 F.Supp.2d at 703. Nevertheless, *U-Haul* and *Wells Fargo* (and recently *800-Contacts*) may be distinguished factually from this case on several grounds which one or all courts relied upon, including the following:

1. The consumer consented to the pop-up windows by voluntarily agreeing to put the software on their computer;
2. The consumer could uninstall the WhenU software at any time;
3. The pop-up window appeared in a separate, conspicuously branded window, with disclaimers indicating the pop-up was from WhenU and was not sponsored by the web site the user was visiting;
4. The software did not prevent the user from going to the trademark owner's web site, it only placed a pop-up window in front of or behind the web site;

In the case at hand, none of these factors are present, which brings this case out of the purview of the contrary *WhenU.com* cases. One of the more heavily commented upon factors was that the WhenU software did not prevent the user from going to the trademark owner's web site, as the user simultaneously went to the owner's web site and also received the pop-up advertisement. This distinction differentiated the *U-Haul* and the *Wells Fargo* cases from the holdings of *People for the Ethical Treatment of Animals [PETA] v. Doughney*, 263 F.3d 359 (4th Cir. 2001); *OBH, Inc. v. Spotlight Magazine, Inc.,* 86 F.Supp.2d 176 (W.D.N.Y. 2000); and *Planned Parenthood Federation of America, Inc. v. Bucci*, 1997 WL 133313 (S.D.N.Y. 1997). These cases cast a broad net for analyzing the issue of whether a use of a trademark in Cyberspace is a use "in commerce" and "in connection" with goods or services. In these cases, the defendants had registered domain names ("peta.org", "thebuffalonews.com" and "plannedparenthood.com" respectively) that were similar or identical to the trademarks of the plaintiffs, and used those web sites for criticizing the plaintiffs and for parody. Although the Courts recognized that criticism and parody are commonly accepted as activities that are not "in connection with" goods or services, each web site was nevertheless found to be using the marks "in connection with" goods or services. The defendants' use of the trademarks was "likely to prevent some Internet users from reaching plaintiff's own Internet web site. "Prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration, or the belief that plaintiff's home page does not exist." *PETA v. Doughney*, *supra,* 263 F.3d at 365 (summarizing the *Planned Parenthood* case holding). *Planned Parenthood, OBH,* and *PETA* cases therefore found that using another's trademark to divert consumers from the web site of the trademark owner is an activity "in connection with" goods and services, even if they are the goods and services of the trademark owner.

In the case at hand, it is impossible for a consumer to click on defendant Google's Sponsored Links, and simultaneously go to plaintiff's website. Clicking on any of the Sponsored Links diverts the consumer from going to RESCUECOM's web site. Therefore, as in the *Planned Parenthood, OBH* and *PETA* cases, once consumers find themselves misdirected to a competitor's website through confusion, they may fail to continue searching for plaintiff's home page "due to anger, frustration, or the belief that the plaintiff's home page does not exist." *Id.* The mere misdirection of a consumer from the goods and services of the trademark owner, is therefore a sufficient "use in commerce" "in connection with" goods and services, to bring defendant Google's attempt to "free-ride" on RESCUECOM's goodwill within the Lanham Act. The *Planned Parenthood, OBH* and *PETA* cases stand for the proposition that any attempt to use a trademark to "lure" Internet users away from the trademark owner's website by creating a confusion regarding whether the offender's website is connected with the trademark owner is infringement of the trademark. This is exactly on point here in this case. Defendant uses RESCUECOM's trademark and causes, and assists and encourages advertisers in causing Internet users to be lured away to competing websites by confusing them as to whether those competing websites are related to or connected with RESCUECOM.

Defendant relegates the GEICO court's dismissal of the *exact same motion using the exact same arguments* to a mere footnote in its Memorandum of Law. Defendant goes onto mis-cite the *GEICO* case by saying the Court considered the use of a trademark "within" the Sponsored Link as opposed to merely triggering the link to be a "critical distinction". The majority of the Court's analysis in rejecting Google's argument was devoted directly to the simple "trigger" issue. *GEICO v. Google, supra,* 330 F.Supp.2d at 704.

Google's argument that a "trademark use" of a mark must be visible to the consumer, and must be a "branding" on goods or services is clearly incorrect, especially in the context of the Internet, as recognized by the District Court in the *GEICO Motion Decision, supra,* 330 F.Supp.2d 700. Many other Courts have also found trademark infringements even the context of "invisible" uses of trademarks. *See e.g., Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004) ("banner" advertisements "keyed" to appear when the user searches for the trademark "Playboy"); *Brookfield Communications, Inc. v. West Coast Entertainment Corporation,* 174 F.3d 1036 (9th Cir. 1999) (Trademark "MovieBuff" included in invisible code to cause website to appear highly relevant to Internet search engines searching for that term); *Bihari v. Gross;* 119 F.Supp.2d 309 (S.D.N.Y., 2000) (use of trademark in invisible code to cause website to appear highly relevant to Internet Search Engines); See also, McCarthy on Trademarks and Unfair Competition, Fourth Edition, Chapter 25 § 25:69. Meta tags, hidden code, and cyber-stuffing (reviewing numerous cases dealing with "invisible" uses of trademarks on the Internet and their Trademark law implications.

POINT III

DEFENDANT GOOGLE'S AUCTIONING OF TRADEMARKS DOES NOT FIT WITHIN THE CLASSIC EXCEPTION FOR "COMPARATIVE ADVERTISING"

Defendant's argument may be better understood and analyzed within the more classic framework of the "Fair Use" defense in the context of "comparative advertising". The Fair Use defense recognizes certain limited rights to use the trademarks of others "in commerce" and "in connection" with goods and services. The "Nominative" Fair Use defense allows the use of another's trademark to describe and refer, not to one's own goods and services, but the goods and services of the trademark owner, so long as there is no likelihood of confusion. *See,* McCarthy on Trademarks and Unfair Competition, § 23.11, 4th Edition; s*ee also, The New Kids On The Block v. News America Publishing, Inc.,* 971 F.2d 302 (9th Cir. 1992) (newspaper used group's name in a poll of fans regarding their favorite member).

In describing its use of the RESCUECOM name and mark as a "non-trademark" use, the defendant may be awkwardly trying argue that it did not use the RESCUECOM name to describe or brand their own goods and services, or those of its advertisers, but only to refer to the plaintiff's goods and services and to assist its advertisers to compete with RESCUECOM by comparing services and offering the consumer alternatives. This is really an effort to raise the Nominative Fair Use defense. However, to rely upon that defense, defendant must meet a three-part test:

1. The product or service must not be readily identifiable without use of the trademark;

2. Only so much of the mark may be used as is reasonably necessary to identify the product or service; and

3. The user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark owner.

See, The New Kids On The Block v. News America Publishing, Inc., supra, 971 F.2d at 1211.

Defendant fails all three parts of this test. Defendant cannot show that it was required to use RESCUECOM's name and mark, because it was not engaging in comparative advertising. Defendant was simply using the RESCUECOM mark as a way of getting consumer's attention and then diverting that attention to others for a profit. Neither its Sponsored Links, nor its advertiser's websites referred to or compared services with RESCUECOM's services. Since defendant's Sponsored Links were not referring to plaintiff's goods and services, it also fails the requirement that it only use the name as reasonably necessary to refer to plaintiff's goods and services. Finally, defendant took no precautions whatsoever to avoid the implication of sponsorship or endorsement. Here, defendant was merely using RESCUECOM's name and trademark as a means of garnering attention for the Sponsored Links, and appropriating to them a portion of the "cachet" of the RESCUECOM name.

Even if defendant Google could argue that it was engaging in a form of "comparative advertising", and that it used no more of plaintiff's RESCUECOM mark than necessary to do so, it fails the last test because the manner in which it used plaintiff's mark gives rise to a likelihood of confusion. In addressing this last part of the Nominative Fair Use test, courts have applied the standard multi-factor "likelihood of confusion" test. *See e.g., Toho Co. Ltd. v. William Morrow and Company, Inc.,* 33 F.Supp.2d 1206, 1211-12 (C.D.Cal. 1998); *Liquid Glass Enterprises, Inc. v. Porsche AG*, 8 F.Supp.2d 398, 403 (D.N.J. 1998).

POINT IV

DEFENDANT GOOGLE USES THE "RESCUECOM" MARK
IN A WAY LIKELY TO CONFUSE CONSUMERS

Defendant has only obliquely addressed the issue of whether plaintiff adequately pled that consumers are confused, concentrating the majority of its argument on the technical meaning of "trademark use". RESCUECOM has sufficiently alleged that Google's practice of auctioning off the use of the RESCUECOM trademark causes a likelihood of consumer confusion.

It is not necessary for plaintiff to show that Internet users actually transact business with third party advertisers, or that they actually believe such advertisers are related to RESCUECOM, only that they were misdirected to such advertiser's websites through at least "initial interest confusion". *See, Grotrian v. Steinway & Sons,* 523 F.2d.1331 (2d Cir. 1975). The *Grotrian* case was the first to recognize the legal principle that came to be known as the Initial Interest Confusion doctrine. In *Grotrian*, a foreign piano manufacturer adopted the trademark "Grotrian-Steinweg" with the specific intent of using the similarity of that mark to the famous "Steinway" pianos to increase interest in and sales of their products. The Court went on to find that although purchasers of pianos likely realized prior to the actual purchase that they were not getting a Steinway piano, nevertheless, they were misled by initial confusion, which allowed Grotrian to misappropriate to itself the goodwill and reputation of Steinway to attract business to itself. *Id.* at 1341-42. *See also, Mobil Oil Corp. v. Pegasus Petroleum Corp.,* 818 F.2d 254 (2d Cir. 1987); *see also*, McCarthy on Trademarks, Infringement in Cyberspace, Section 25:69 and 25:70.1 (4th Edition); s*ee also*, Confusion In Cyberspace: Defending And Recalibrating The Initial Interest Confusion Doctrine, Harvard Law Review, Vol. 117, pages 2387-2410 (Initial interest confusion doctrine applies in cyberspace cases to prohibit free-riding on the goodwill of other's trademarks and safeguards consumer's reasonable expectations of reaching online services).

In the *Mobil Oil* case, the Court found that a competitor of Mobil Oil was able to "free-ride" upon the reputation and goodwill of Mobil Oil (whose logo was a flying horse – a "Pegasus") by calling itself Pegasus Petroleum Corporation. Pegasus Petroleum obtained a "crucial credibility during the initial phases of a deal" due to the initial confusion caused by the similarity of the Pegasus name to the flying horse logo. The Court noted among the benefits Pegasus accrued as "for example, an oil trader might listen to a cold phone call from Pegasus Petroleum – an admittedly oft used procedure in the oil trading business – when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil." *Id.* at 259. Likewise, in the context of the Internet, website operators gain a great advantage from misdirecting Internet users to their websites, even if only a small percentage of such "Internet traffic" results in commercial advantage – due to the extremely low cost of such misdirection (often a penny per "click" on the Sponsored Link). The mere fact of increased traffic to its website alone allows the website operator to sell more advertising on such website. The trademark violation is focused upon this "initial interest" advantage. Even in the sophisticated world of oil trading, "such initial interest confusion works a sufficient trademark injury." *Id.* at 260.

Website operators have tried a number of techniques to draw or misdirect Web Traffic to their sites by using the well-known trademarks of industry leading companies, including using "domain names" incorporating those trademarks, or making their websites appear to Internet Search Engines as highly relevant to searches conducted using the well-known trademark as a search term – causing the website to be listed on the search results as the first, and most relevant website, or at least upon the first page of search results. Courts have held almost all of various attempts to misdirect Web Traffic by the misuse of trademarks on the Internet to be violations of the Lanham Act. Use of a protected trademark in a "domain name" of a website may give rise to a claim of trademark infringement and injunctive relief, even where it was obvious after visiting the website, that it was not plaintiff's. *See, Jews for Jesus v. Brodsky,* 993 F. Supp. 282, 293

(D.N.J. 1998). The use of trademarks in hidden code ("metatags") on a website which caused Internet search engines to list the website prominently in response to a search using the trademark gave rise to a claim of trademark infringement and injunctive relief. *See, e.g., Playboy Enterprises, Inc. v. Netscape Communications Corp., supra*, 354 F.3d 1020 ; *Bihari v. Gross, supra,* 119 F.Supp.2d 309; *Brookfield Communications v. West Coast Entertainment Corp., supra,* 174 F.3d 1036, 1061 (9th Cir. 1999). The *Brookfield Communications* decision is particularly applicable to the facts at hand, especially in view of Defendant's central argument on this motion to dismiss, that a visible "branding" of goods and services is necessary to show a "trademark use" as a predicate to making out a cause of action for trademark infringement. The defendant, West Coast Video, used the trademark "moviebuff" in hidden code on its website, so as to cause Internet search engines to list the website as a search result when "moviebuff" was searched. This hidden code was invisible to the Internet user, so there was no "branding" of goods and services. The Court recognized that it would be unlikely that an Internet user would be so confused as to believe that the infringer's website was actually that of the trademark owner. Nevertheless, the Court held that the use of the trademark in hidden code, causing the infringer's website to be listed on the search results (even along with the trademark owner's website) caused at least initial interest confusion "in the sense that . . . West Coast improperly benefits from the goodwill that Brookfield developed in its mark." *Id.* at 1062.

This finding is key, because it finds a "trademark use" of a mark even though such use is invisible to the Internet user, and in fact, it is the Internet user who initiates the interaction by searching on an Internet Browser for the trademark. The only difference in the case at hand is that defendant Google causes its Sponsored Links to appear in a different area of the search results page. Some of the Sponsored Links, however, appear to be part of the search results, and actually are listed at the top of the results so as to appear to be the most relevant search result.

The current round of Internet trademark litigation now has focused on companies who advertise with Internet search engines by purchasing the trademarks of their competitors as "Keywords" which then trigger the infringer's advertising hyperlink, or Sponsored Link to appear on the search results page. The present lawsuit falls squarely into this latter category. Actions addressing this category of cyberspace trademark infringement are pending against Google, Inc.[1]

Google has not moved to dismiss Rescuecom's claim on the grounds that it has failed to show or sufficiently allege a likelihood of confusion. To the extent it is necessary to address that element, courts often apply a multi-factor test to evaluate the likelihood of confusion. *See e.g., Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc. et al.,* 122 F.3d 1379 (11th Cir. 2003) (seven factors). These factors are: (1) the type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties' retail outlets and customers; (5) similarity of advertising media used; (6) the defendant's intent; and (7) actual confusion. The test is meant to be flexible and the Court is to take into consideration "the circumstances surrounding each particular case." *Dieter v. B & H Industries of Southwest Florida, Inc.,* 880 F.2d 322, 326 (11th Cir. 1989).

[1] Cases against Google, Inc. are pending in the District Courts for the Northern District of California (American Blind & Wallpaper Factory, Inc. v. Google, Inc. et al.), the Eastern District of Virginia (GEICO v. Google, Inc. et. al) (recently settled on undisclosed terms), and the Eastern District of New York (Robert Novak d/b/a Pets Warehouse v. Google, Inc.).

POINT V

DEFENDANT OFFERS NO ADDITIONAL ARGUMENTS WITH RESPECT TO ITS MOTION TO DISMISS ANY OTHER CLAIM RELATED TO TRADEMARK LAW, AND SO ITS MOTION MUST BE DENIED FOR THE SAME REASONS

Defendant Google summarily argues, without any additional argument or support, that plaintiff's remaining claims for Dilution under the Lanham Act, Dilution under New York State law and common law trademark infringement must also be dismissed on the same recycled argument that Google has not "used" RESCUECOM's trademark. For the same reasons given above, this motion must be denied.

POINT VI

PLAINTIFF NEED NOT IDENTIFY A SPECIFIC CONTRACT IT WOULD HAVE ENTERED INTO, MERELY INTERFERENCE WITH ACTUAL BUSINESS RELATIONS

Defendant argues that plaintiffs claim for tortious interference with prospective contractual relations must be dismissed because plaintiff fails to specifically identify a particular Internet user or consumer with whom Defendant interfered. Plaintiff did allege that virtually all of RESCUECOM's franchisees first obtain information about RESCUECOM from its website, and that Plaintiff has a patent pending (now patented) business system and software for automatically interacting with such potential franchisees and technicians, interactively. RESCUECOM's website is a key aspect of plaintiff's marketing strategy. See, Plaintiff's complaint, paragraphs 82-87. It is a statistical certainty that RESCUECOM does in fact do business and obtains profit from a statistical percentage of such Web traffic, and loses a statistically identifiable amount of business from diverted Web traffic. Defendant keeps track of all such statistical information, including the numbers of Internet users searching for

RESCUECOM and the percentages and number of such consumers who "clicked" on various Sponsored Links other than plaintiffs and the specific Sponsored Link clicked upon.

Plaintiff need not allege or even prove at trial that it would have entered into a valid contract with any particular consumer but for Defendant's actions. Defendant has actively interfered with an ongoing business activity and process, an "opportunity to buy and sell" which was designed to reap the benefits and rewards inherent in the popularity inherent in plaintiff's trademark. People actively searching for "RESCUECOM" on defendant's Internet search engine are persons with a self-identified interest in doing business with plaintiff and/or purchasing RESCUECOM's services. In the business world, knowledge of these interested consumers, and the ability to communicate a commercial message and "market" them is an incredibly valuable commodity, because certainly a percentage of such interested consumers will do business with Plaintiff, or another company offering similar services. "[T]he tort encompasses the kind of conduct alleged here, including 'interferences with ... the opportunity of selling or buying ... chattels or services, and any other relations leading to potentially profitable contracts." *Hannex Corp. v. GMI, Inc.*, 40 F.3d 194 (2nd Cir.1998) (recognizing that it is not necessary to allege or even prove that a contract would have been entered into). Defendant and defendant's advertisers knew of the commercial value of such consumers' interest in RESCUECOM and obviously assigned a commercial price to each such individual by "bidding" for the opportunity to divert them to competing websites. For Courts to ignore the obvious realities recognized (by actual expenditure of money) by commercial entities operating freely in the marketplace elevates form over substance. In fact, the amount of money paid to Google by advertisers seeking potential

RESCUECOM customers places a minimum monetary value on the opportunity to "interfere" with such prospective contractual relations.

To the extent Defendant's motion objects to this claim on the grounds that is "presupposes" that Google's actions constituted a wrongful act, plaintiff relies upon the arguments and law outlined above to show that it has adequately pleaded that Google engaged in wrongful activity.

CONCLUSION

By reason of the above, it is respectfully requested that this honorable Court deny Defendant Google's motion to dismiss plaintiff's claims, that it Order that defendant Google file an Answer to the Complaint, and for such other and further relief as to this Court seems just and proper.

Respectfully submitted, this 19th day of September 2005.

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